

TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Monterey Township	County Allegan
Fiscal Year End March 31, 2006	Opinion Date July 14, 2006	Date Audit Report Submitted to State 8/9/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

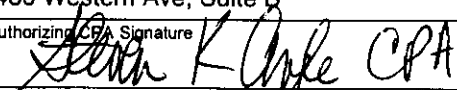
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Angle & Steffes, P.C.		Telephone Number 269-686-9050	
Street Address 430 Western Ave, Suite B		City Allegan	State MI
Zip 49010			
Authorizing CPA Signature 		Printed Name Steven K. Angle, CPA	License Number 14653

TOWNSHIP OF MONTEREY

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INDEPENDENT AUDITOR'S REPORT

July 14, 2006

To the Township Board
Township of Monterey
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Monterey, Allegan County, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monterey Township, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

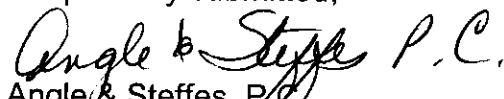
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Monterey as of March 31, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis- for State and Local Governments, as of March 31, 2003.

The management's discussion and analysis and budgetary comparison information on pages 2 and 17 through 18 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township As A Whole

Monterey Township's financial position has remained steady over the 2005/2006 year. The number of new residences, based on building permits, is decreasing, giving the Township slight growth in its property tax revenue. Meanwhile state revenue sharing has stabilized for now.

The Cemetery Trust Fund balance remains stable as only the interest can be used for grave care.

The Building Permit Fund has no balance as all income goes immediately to pay expenditures for this function.

The Road Fund balance is roughly one year's extra voted millage for roads. This fund saw a decrease in activity with the total rebuilding of three fourths mile of 32nd Street as well as spreading gravel over a significant number of gravel roads within the township. This was accomplished with the use of over \$120,000 remaining from the 2004 extra voted millage taxes as well as some General Fund monies.

The General Fund balance is made up of one year's operating millage taxes plus state revenue sharing dollars. The General Fund paid the normal township operating expenses, as well as contributing to the Road Fund. There were no unusual expenses during 2005/2006.

The 2006/2007 budgets have increased and leveled off at a total of just under 1 million dollars for the next years work plus carry-over of 2006 taxes to fiscal year 2007/2008. Summer of 2006 road work will include paving of the three fourths mile of 32nd Street, total rebuilding of one plus miles of 132nd Avenue, and some gravel on a few spots.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions or need additional information, we welcome you to contact the supervisor's office.

TOWNSHIP OF MONTEREY
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2006

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 360,676	\$ 360,676
Investments	0	0
Receivables - net	333,525	333,525
Prepays	3,031	3,031
Capital assets - net	<u>22,369</u>	<u>22,369</u>
Total Assets	<u>719,601</u>	<u>719,601</u>
LIABILITIES		
Accounts payable	0	0
Accrued and other liabilities	276,090	276,090
Noncurrent Liabilities		
Due within one year	0	0
Due in more than one year	<u>0</u>	<u>0</u>
Total Liabilities	<u>276,090</u>	<u>276,090</u>
NET ASSETS		
Invested in Capital Assets		
Net of related debt	22,369	22,369
Restricted For		
Streets and highways	301,163	301,163
Cemetery care	2,237	2,237
Unrestricted	<u>117,742</u>	<u>117,742</u>
Total Net Assets	<u>\$ 443,511</u>	<u>\$ 443,511</u>

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTEREY
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government						
General government	94,234	5,390	0	0	(88,844)	0
Public safety	68,933	26,933	0	0	(42,000)	0
Public works	237,146	0	0	0	(237,146)	0
Health and welfare	6,000	0	0	0	(6,000)	0
Community/Economic development	8,632	0	0	0	(8,632)	0
Recreation and culture	4,200	0	0	0	(4,200)	0
Total Governmental Activities	419,145	32,323	0	0	(386,822)	0
Total Primary Government	\$ 419,145	\$ 32,323	\$ 0	\$ 0	(386,822)	0
General Revenues						
Property taxes					374,669	0
State-shared revenues					154,664	0
Unrestricted investment earnings					3,312	0
Rental income					735	0
Miscellaneous					6,400	0
Transfers					0	0
Total General Revenues-Special Items and Transfers					539,780	0
Change in Net Assets					152,958	0
Net Assets-Beginning					290,553	0
Net Assets-Ending					\$ 443,511	\$ 0

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTEREY
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2006

	General Fund	Road Fund	Non-Major Governmental Fund	Total Governmental Fund
ASSETS				
Cash and cash equivalents	\$ 358,439	\$ 0	\$ 2,237	\$ 360,676
Investments	0	0	0	0
Receivables - net	31,334	25,175	0	56,509
Due from other funds	1,028	275,988	0	277,016
Prepays	3,031	0	0	3,031
	<u>393,832</u>	<u>301,163</u>	<u>2,237</u>	<u>697,232</u>
LIABILITIES				
Accounts payable	0	0	0	0
Due to other funds	275,988	0	0	275,988
Due to other governmental units	102	0	0	102
	<u>276,090</u>	<u>0</u>	<u>0</u>	<u>276,090</u>
FUND BALANCES				
Reserved for				
Road projects	0	301,163	0	301,163
Cemetery care	0	0	2,237	2,237
Unreserved	117,742	0	0	117,742
	<u>\$ 117,742</u>	<u>\$ 301,163</u>	<u>\$ 2,237</u>	<u>\$ 421,142</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	22,369
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Net Assets of Governmental Activities	<u>\$ 443,511</u>
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The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTEREY
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2006

	General Fund	Road Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes and penalties	73,528	301,141	0	374,669
Licenses and permits	0	0	26,933	26,933
State aid	151,280	3,384	0	154,664
Charges for services	5,390	0	0	5,390
Interest and rentals	4,019	0	28	4,047
Other revenue	6,400	0	0	6,400
Total Revenues	240,617	304,525	26,961	572,103
Expenditures				
Current				
General government	89,975	0	116	90,091
Public safety	42,000	0	26,933	68,933
Public works	4,406	232,740	0	237,146
Health and welfare	6,000	0	0	6,000
Recreation and cultural	4,200	0	0	4,200
Community/Economic development	8,632	0	0	8,632
Capital outlay	3,911	0	0	3,911
Total Expenditures	159,124	232,740	27,049	418,913
Excess of Revenues Over (Under)				
Expenditures	81,493	71,785	(88)	153,190
Other Financing Sources (Uses)				
Transfers in	0	112,800	0	112,800
Transfers (out)	(112,800)	0	0	(112,800)
Total Other Financing Sources (Uses)	(112,800)	112,800	0	0
Excess of Revenue and Other Sources Over (Under)				
Expenditures and Other Uses	(31,307)	184,585	(88)	153,190
Fund Balance-April 1, 2005	149,049	116,578	2,325	267,952
Fund Balance-March 31, 2006	\$ 117,742	\$ 301,163	\$ 2,237	\$ 421,142

The Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTEREY
FIDUCIARY FUNDS-STATEMENT OF NET ASSETS
MARCH 31, 2006

Account Description

Agency Fund
(Property Tax
Collection Fund)

Account Description

ASSETS

Cash and cash equivalents

\$ 1,028

Total Assets

\$ 1,028

LIABILITIES

Due to individuals

\$ 0

Due to other funds

1,028

Total Liabilities

\$ 1,028

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Monterey, Allegan County, Michigan is a general law Township. The Township operates under an elected Board/Supervisor form of government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Monterey conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is a Special Revenue Fund of the Township. The Road Fund is used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:

The Building Inspection Fund is a Special Revenue Fund of the Township. The Building Inspection Fund is used to account for all resources of the Township's permits and licenses. The Permanent Cemetery Fund is accountable for care of specific family gravesites. This permanent fund allows interest earnings only to be used in the care of specific sites. The principal cash balance is restricted from other uses. Interest earnings are deposited into the General Fund and these same dollars are used for care of the specific sites.

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Monterey does not have enterprise funds.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Finally, the government reports the following fund types:

The Tax Collection Fund is a Fiduciary Fund accountable for assets held by the Township in a trustee or agency capacity for individuals, private organizations, other governments, and/or other funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments-Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied each July for State Education Tax, and on each December 1 on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the following respective period, at which time penalties and interest are assessed.

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Fire Equipment	07 to 25 years
Vehicles	03 to 05 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements only for the effect of the inclusion of capital assets.

Capitalized Asset Costs	\$ 47,913
Less Accumulated Depreciation	<u>(25,544)</u>
Capital Assets, net	22,369
Governmental Fund Balances	<u>421,142</u>
Net Assets of Governmental Activities	<u>\$ 443,511</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, Roads etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business Activities</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$ 360,676	\$ 0	\$ 360,676

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 360,676
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	-
Total	<u>\$ 360,676</u>

The bank balance of the primary government's deposits is \$360,676, of which \$102,297 is covered by federal depository insurance.

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 5 - RECEIVABLES

Receivables as of year-end for the government's individual major, nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are reported in the Government Wide Statement of Net Assets as follows:

	Major Funds		Non-Major and Other Funds	Total
	General Fund	Road Special Millage		
Taxes receivable	\$ 5,752	\$ 25,175	\$ 0	\$ 30,927
State share revenues receivable	25,582	0	0	25,582
Due from other funds	1,028	275,988	0	277,016
Less: allowance for uncollectibles	0	0	0	0
Net Receivables	<u>\$ 32,362</u>	<u>\$ 301,163</u>	<u>\$ 0</u>	<u>\$ 333,525</u>

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 0	0	0	\$ 0
Construction in Progress	0	0	0	0
Subtotal	0	0	0	0
Capital Assets Being Depreciated				
Buildings & improvements other than building	32,083	0	0	32,083
Machinery and equipment	11,919	3,911	0	15,830
Infrastructure	0	0	0	0
Subtotal	44,002	3,911	0	47,913
Less Accumulated Depreciation for				
Buildings & improvements other than building	12,277	2,651	0	14,928
Machinery and equipment	9,124	1,492	0	10,616
Infrastructure	0	0	0	0
Subtotal	21,401	4,143	0	25,544
Net Capital Assets Being Depreciated	22,601	(232)	0	22,369
Governmental Activities Capital Total				
Capital Assets-Net of Depreciation	\$ 22,601	\$ (232)	\$ 0	\$ 22,369

The Township assets have been evaluated according to GASB 34 guidelines. The Township owns cemetery property and an old township hall where historical cost values are unknown. These assets are fully depreciated, as applicable, with unknown salvage values. The most recent asset acquisitions are recorded and depreciated.

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 4,143
Public safety	0
Public works	0
Economic development	0
Recreation and culture	0
Total Governmental Activities	<u>\$ 4,143</u>

**TOWNSHIP OF MONTEREY
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2006**

NOTE 7 - INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances is as follows:

Due To/From Other Funds			
<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General	\$ 1,028	Tax Collection	\$ 1,028
Road Special Millage	<u>275,988</u>	General	<u>275,988</u>
Total	<u>\$ 277,016</u>		<u>\$ 277,016</u>

Interfund Transfers

<u>Transfers In</u>	<u>Transfers (Out)</u>		<u>Total</u>
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	
Road Special Millage Fund	\$ 112,800	\$ 0	\$ 112,800
Non-Major Governmental Fund	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 112,800</u>	<u>\$ 0</u>	<u>\$ 112,800</u>

REQUIRED SUPPLEMENTAL INFORMATION

**TOWNSHIP OF MONTEREY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2006**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	\$ 140,000	\$ 140,000	149,049	9,049
Resources (Inflows)				
Property taxes	70,000	70,000	73,528	3,528
State aid	151,500	151,500	151,280	(220)
Licenses and permits	0	0	0	0
Charges for services	7,100	7,100	5,390	(1,710)
Interest and rentals	2,700	2,700	4,019	1,319
Miscellaneous revenues	7,700	9,700	6,400	(3,300)
Transfers from other funds	0	0	0	0
Amounts Available for Appropriation	379,000	381,000	389,666	8,666
Charges to Appropriations (Outflows)				
General Government				
Township board	20,700	23,200	18,602	4,598
Supervisor	8,000	8,000	8,000	0
Finance	3,000	3,000	1,850	1,150
Treasurer	12,700	12,700	11,529	1,171
Assessing	17,800	15,200	15,143	57
Elections	5,000	5,000	959	4,041
Clerk	11,700	11,700	10,220	1,480
Board of review	1,000	1,000	804	196
Other General Government				
Building and grounds	4,200	4,700	2,864	1,836
Attorney	4,000	4,000	3,298	702
Cemetery	23,200	23,500	16,706	6,794
Public Safety				
Fire	43,000	43,000	42,000	1,000
Public Works				
Transfer station	5,000	5,000	4,406	594
Recreation and culture	4,200	4,200	4,200	0
Health and welfare	6,000	6,000	6,000	0
Community/Economic development	10,200	12,200	8,632	3,568
Capital outlay	1,200	4,000	3,911	89
Transfers to other funds	130,400	124,600	112,800	11,800
Total Charges to Appropriations	311,300	311,000	271,924	39,076
Budgetary Fund Balance-March 31, 2006	<u>\$ 67,700</u>	<u>\$ 70,000</u>	<u>\$ 117,742</u>	<u>\$ 47,742</u>

**TOWNSHIP OF MONTEREY
BUDGETARY COMPARISON SCHEDULE
MAJOR ROAD FUND
YEAR ENDED MARCH 31, 2006**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 113,500	\$ 113,500	\$ 116,578	\$ 3,078
Resources (Inflows)				
Property taxes	298,000	298,000	301,141	\$ 3,141
State aid	3,000	3,000	3,384	\$ 384
Transfers In	<u>130,400</u>	<u>124,600</u>	<u>112,800</u>	<u>\$ (11,800)</u>
Amounts Available for Appropriation	<u>544,900</u>	<u>539,100</u>	<u>533,903</u>	<u>(5,197)</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>246,900</u>	<u>241,100</u>	<u>232,740</u>	<u>8,360</u>
Total Charges to Appropriations	<u>246,900</u>	<u>241,100</u>	<u>232,740</u>	<u>8,360</u>
Budgetary Fund Balance-March 31	<u>\$ 298,000</u>	<u>\$ 298,000</u>	<u>\$ 301,163</u>	<u>\$ 3,163</u>

ADDITIONAL INFORMATION

**TOWNSHIP OF MONTEREY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006**

	Building Inspection	Permanent Cemetery Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 0	\$ 2,237	\$ 2,237
Investments	0	0	0
Receivables - net	0	0	0
Due from other funds	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 2,237</u>	<u>\$ 2,237</u>
Liabilities and Fund Equity			
Liabilities			
Accounts payable	\$ 0	\$ 0	\$ 0
Due to other funds	0	0	0
Total Liabilities	0	0	0
Fund Balance			
Reserved	0	2,237	2,237
Unreserved	0	0	0
Total Fund Equity	<u>0</u>	<u>2,237</u>	<u>2,237</u>
Total Liabilities and Fund Equity	<u>\$ 0</u>	<u>\$ 2,237</u>	<u>\$ 2,237</u>

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF MONTEREY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2006

	Building Inspection	Permanent Cemetery Fund	Total Non-Major Governmental Funds
Revenues			
Taxes and penalties	\$ 0	\$ 0	\$ 0
Licenses and permits	26,933	0	26,933
State aid	0	0	0
Interest	0	28	28
Other revenue	0	0	0
Total Revenues	26,933	28	26,961
Expenditures			
Current			
Public safety	26,933	116	27,049
Total Expenditures	26,933	116	27,049
Excess of Revenues Over (Under) Expenditures	0	(88)	(88)
Other Financing Sources (Uses)			
Operating transfers (out)	0	0	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	0	(88)	(88)
Fund Balance - April 1, 2005	0	2,325	2,325
Fund Balance - March 31, 2006	\$ 0	\$ 2,237	\$ 2,237

The Notes to the Financial Statements are an integral part of this statement.

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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July 14, 2006

In planning and performing the audit of the Financial Statements of the Township of Monterey for the year ended March 31, 2006, we considered the Township's internal control structure to determine audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of one matter that is an opportunity to strengthen internal control and increase operating efficiency. We offer the following item for your consideration.

Uninsured Funds


The Township currently has all of the bank accounts at one bank, United Bank of Michigan, with a total of \$258,379 over the federally insured level as of March 31, 2006. We recommend that no more than \$200,000 be maintained in any one bank, \$100,000 limit each in savings and demand accounts, to avoid risk of uninsured losses that may occur. Movement of funds into savings accounts or certificates of deposit from the checking account at this same bank would provide additional insurance coverage.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

We greatly appreciate the help and cooperation given us by all Township employees and officials.

Respectfully submitted,


Angle & Steffes, P.C.
Certified Public Accountants